

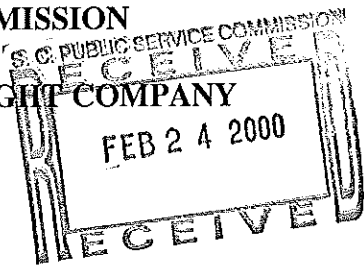
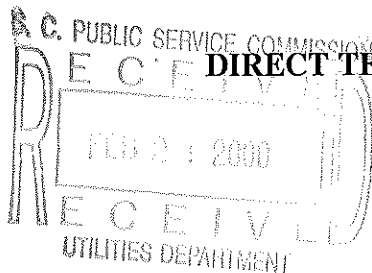
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**SOUTH CAROLINA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 2000-001-E**

**DIRECT TESTIMONY OF CAROLINA POWER & LIGHT COMPANY**

**WITNESS RONALD R. PENNY**



1 Q. Please state your name, address, and position with Carolina Power & Light  
2 Company.

3 A. My name is Ronald R. Penny and my business address is 411 Fayetteville Street  
4 Mall, Raleigh, North Carolina. My position is Manager - Pricing and Rate  
5 Applications, Treasury Department.

6 Q. Please describe your educational background and professional experience.

7 A. I obtained a Bachelor of Science Degree in Electrical Engineering from North  
8 Carolina State University and then joined the Company's Rates and Service  
9 Practices Department as a Research Analyst in 1975. Since that time, I have held  
10 various positions in the Rates and Engineering departments before moving to the  
11 Treasury Department. I was appointed to my current position in 1995. While  
12 working in the Rates and Energy Services Department, I was involved in  
13 numerous retail rate and wholesale proceedings. I have sponsored testimony  
14 before the Federal Energy Regulatory Commission and the North Carolina  
15 Utilities Commission.

16 Q. Have you previously presented testimony before this Commission?

17 A. Yes, I have. I testified in the Company's past four fuel cases in this jurisdiction.

RETURN DATE: OK DW  
SERVICE: OK DW

1 Q. **What is the purpose of your testimony?**

2 A. The purpose of my testimony is to review the Company's fuel cost and revenue  
3 collection for the period January 1999 through December 1999 and present  
4 projected fuel cost for the period April 1, 2000 through March 31, 2001.

5 Q. **Please explain Penny Exhibit No. 1.**

6 A. Penny Exhibit No. 1 is a summary of CP&L's actual system fuel cost and  
7 kilowatt-hour sales experienced during the period January 1999 through  
8 December 1999. The exhibit first itemizes fossil fuel costs by type of generation  
9 resource -- coal, oil, or gas -- and indicates the type of generating unit which  
10 consumed the fuel. The total fossil fuel expense is shown on line 9.

11 The fossil fuel expense is added to the nuclear fuel expense shown on line 10 and  
12 the net purchased power expense shown on line 13 to provide the total system fuel  
13 expense as shown on line 14. Line 15 is a summary of net system kilowatt-hour  
14 sales associated with the incurred fuel expense. Line 16 indicates the system cost  
15 of fuel per kilowatt-hour sold each month.

16 Q. **How did the fuel revenue billings compare to the actual fuel costs incurred  
17 during the historical period January 1998 through December 1998?**

18 A. Penny Exhibit No. 2 is a monthly comparison of the revenues billed South  
19 Carolina retail customers through the base fuel component of our approved  
20 general rates to the actual fuel costs attributable to those sales. Lines 8 and 16  
21 represent the cumulative recovery of our fuel expense during this 12-month  
22 period. Through December 1999, the Company was \$21.3 million under  
23 recovered in fuel expense as shown on line 16 of the exhibit.

1     **Q.     Please explain Penny Exhibit No. 3.**

2     A.     Penny Exhibit No. 3 demonstrates the calculation of a base fuel component of  
3           1.546¢/kWh for the 12-month period April 2000 through March 2001, consisting  
4           of a component for recovery of projected fuel expense for this period and a  
5           component to collect the \$22.2 million projected under recovery at March 2000.  
6           This calculation is performed in accordance with the fuel statute, which requires  
7           the Company to submit this information to the Commission.

8     **Q.     Please explain Penny Exhibit No. 4.**

9     A.     Penny Exhibit No. 4 is a continuation of my Exhibit No. 2 showing projected  
10          costs and revenues, by month, for the period January 2000 through March 2001  
11          and is based on the most current fuel cost information available. The projection  
12          assumes scheduled maintenance and refueling outages for certain of our nuclear  
13          generating units based on the latest plan and includes forced outage rates for fossil  
14          units based upon historical outage data. The exhibit continues the use of the  
15          current base fuel component of 1.122¢/kWh for the January through March 2000  
16          period and a base fuel component of 1.546¢/kWh for the period April 2000  
17          through March 2001.

18    **Q.     Are you recommending to the Commission a fuel factor at this time?**

19    A.     No. CP&L is currently in discussions with the parties in this case regarding an  
20          agreeable method to address the March 2000 under-recovery of \$22.2 million and  
21          establish a new fuel factor. Once these discussions are complete, CP&L will file a  
22          proposed factor and supporting exhibits. The Consumer Advocate agrees with  
23          this process.

1 Q. Does that conclude your testimony?

2 A. Yes, it does.